SUPREME COURT, U.S. 70-222

IN THE

Supreme Court of the United States

October Term, 1970

COMPUTER SEARCHING SERVICE CORPORATION,
Petitioner,

against

HONORABLE SYLVESTER J. RYAN, United States District Judge for the Southern District of New York,
Respondent.

On Petition for a Writ of Certiorari to the United States Court of Appeals for the Second Circuit

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RESPONDENTS' BRIEF IN OPPOSITION

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Question Presented

Where the plaintiff in a prolonged litigation sought, and obtained, leave of the District Court to assert a claim for injunctive relief only against a newly-added defendant, but thereafter inadvertently included the new defendant in a general prayer for relief (which included a damage claim), did the Court of Appeals err in holding that the apparent damage claim did not create new legal issues or a right to jury trial in defendants, but rather was merely unauthorized surplusage which should and will be stricken by an appropriate amendment to the complaint?

Statutes and Rules Involved

Federal Rules of Civil Procedure 8(f), 15(a) and 16 and Rule 19 of the Rules of the United States Supreme Court are reproduced as Appendix A to this brief.

Statement

In June 1966 the West Publishing Company sued Law Research Service, Inc. ("LRS") and its principal officers, Messrs. Hoppenfeld and Weiner, for copyright infringement.* In substance, West's suit claims that LRS' purported computer legal research scheme was nothing more than a wholesale copy of West's works: that the indexes or "Thesauri" which LRS sold its subscribers were line-for-line copies of Descriptive Word Indexes to the West Digests; that case citations printed out from LRS' computer were copied from West's Table of Cases volumes, and that LRS' "data bank" of material from both the Descriptive Word Indexes and Table of Cases volumes infringed West's copyrights in these works as well. LRS, Hoppenfeld and Weiner denied any copying at all and counterclaimed that West's copyrights were invalid and that West was guilty of a multitude of antitrust offenses.

After numerous motions and extensive discovery, a Pretrial Order was finally entered in the West suit in February 1970. Since that time the case has been slowly

* This suit (hereafter "the West suit") is currently titled *West Publishing Company* v. *Law Research Service, Inc., Ellias C. Hoppenfeld, Paul Wiener and Computer Searching Service Corporation*, 66 Civ. 1735, Cal. No. 167 (S.D.N.Y.). A copy of the Second Amended and Supplemental Complaint in the West suit is reproduced as Appendix C to this brief.

working its way up to the top of the crowded civil non-jury calendar of the Southern District of New York for trial.

After the Pretrial Order was entered, West learned from LRS' monthly filings with the Securities and Exchange Commission that LRS had transferred its "data bank"—the infringing materials which are the subject of West's suit—to a newly-formed subsidiary, petitioner Computer Searching Service Corporation ("CSSC"). The President of CSSC is Paul Weiner, a principal officer of LRS. After becoming aware of these facts, West moved for leave to amend and supplement its complaint and the Pretrial Order to join CSSC as a defendant in the suit against LRS, so that if the issue of infringement were decided in West's favor at trial, the injunction West obtained against LRS would bind CSSC as well. District Judge Croake granted West's motion on August 3, 1970 (Appendix B hereto).

After Judge Croake's decision, West served a Second Amended and Supplemental Complaint (Appendix C hereto) which added a cause of action against CSSC* and which also added the name of CSSC to those of the other defendants in each item of the prayer for relief. The inclusion of CSSC with the other defendants in the item of the prayer seeking money damages (as distinct from the

* Plaintiff West asserted its claim against CSSC in an Eighth Cause of Action (Appendix C, p. C15) which repeats and realleges factual allegations contained in other causes of action in the complaint. All of these factual allegations are relevant to the claim against CSSC since they identify the source of the data bank, how it was prepared, how it was used, who the principals are, etc. To the limited extent that the allegations realleged include prayers for relief, such allegations are all prayers for relief only as to defendants LRS, Hoppenfeld and Weiner, and do not add anything to the claim as to CSSC.

item seeking injunctive relief alone) was inadvertent and went beyond the change which West had asked Judge Croake for leave to make or which Judge Croake's order in fact authorized.

After West served this complaint on CSSC, CSSC brought a multi-claim antitrust action against West, also in the Southern District of New York, and within days of commencing that action, interposed the same claims as counterclaims against West in the instant suit—and, in both actions, demanded a jury trial. CSSC then tried to reopen discovery in the West suit by serving interrogatories similar to those served years previously by the LRS defendants: this tactic was rejected by District Judge McLean in an order and decision dated January 12, 1971.

CSSC's jury demand was, in West's view, simply a delay device, since it would have meant removing the case from the non-jury calendar it had been moving up for so long and starting over again at the bottom of a jury calendar. West therefore moved to strike, among other things, petitioner CSSC's demand for a jury trial. This motion was granted by Judge Ryan on January 4, 1971. Judge Ryan's decision states in part:

> "* * * Judge Croake wrote in a memorandum opinion that 'this joinder [of CSSC as a defendant] raises no new issues except as to what was transferred to this subsidiary.' Judge Croake did not (1) disturb the calendar; and (2) he did not modify the pretrial order in any way. Permission was not granted these defendants to assert new claims or new demands. None of the new material is responsive to or called for by the supplementary allegation added to the complaint and

it is manifest that it was for this reason that Judge Croake did not mark the action off the calendar, disturb its relative position on the Ready Trial Calendar, or resettle, change or modify the existing pretrial order." (Pet. Appendix B, p. 27).

Petitioner CSSC thereupon sought a writ of mandamus to compel Judge Ryan to grant its jury demand. This was denied by the Second Circuit Court of Appeals in an opinion dated March 2, 1971 (Pet. Appendix B, p. 29), from which CSSC now petitions for a writ of certiorari.

Argument

In upholding Judge Ryan's order striking CSSC's demand for a jury trial, the Second Circuit said:

"CSSC's second objection to Judge Ryan's order is that it struck CSSC's demand for jury trial. This issue is complicated by the fact that West's amended complaint listed CSSC as one of the defendants from whom it demanded damages. West informs us that this was inadvertent error, which it claims will be cured when its amended complaint is again amended to conform to Judge Croake's order allowing joinder of CSSC as a defendant for the limited purpose of injunctive relief. Under this express understanding which should be carried out by an immediate amendment in this respect of the complaint against CSSC if CSSC is not dropped as a party defendant, the action against CSSC is clearly equitable only. We therefore find no abuse of discretion in Judge Ryan's holding that CSSC is not entitled to jury trial under *Dairy Queen, Inc.* v. *Wood*, 369 U.S. 469 (1962) and its progeny." (Pet. Appendix B, pp. 34-35).

As set forth herein, the Court of Appeals was clearly correct in agreeing with Judge Ryan that West had, and

indeed could have only an equitable, and not a legal, claim against CSSC. Petitioner relies on *Dairy Queen, Inc.* v. *Wood,* 369 U.S. 469 (1962) and *Beacon Theatres, Inc.* v. *Westover,* 359 U.S. 500 (1959), in which this Court sought to preserve the right to jury trial of legal issues where legal and equitable issues were joined together in a single claim or action. The Court of Appeals' decision in the present case, however, and the order of Judge Ryan it upheld, present no problem under *Beacon Theatres* or *Dairy Queen,* because, as both courts below found, West has no legal, but only an equitable, claim against CSSC and CSSC therefore has no right to a jury trial in any event.

The Second Circuit here did not decide any "important question of federal law which has not been, but should be" settled by this Court, Rule 19 of the United States Supreme Court (Appendix A, p. A2). On the contrary, the Court of Appeals merely decided, in this unique procedural situation, that West's inadvertent and unauthorized inclusion of CSSC in its general prayer for relief was mere surplusage properly to be cured by amendment of the complaint to conform with the prior order of Judge Croake. Nor does the Second Circuit's decision here conflict with decisions of any other Circuit Court of Appeals. In the Third Circuit's twenty-year-old decision in *Canister & Co.* v. *Leahy,* 182 F.2d 510 (3d Cir. 1950), relied on by petitioner, plaintiffs contended that their claim for equitable relief had for various reasons become moot, leaving only legal claims, and that they could therefore demand a jury trial even though the case was more than five years old. The Third Circuit said that in order to make such a demand plaintiffs had first to apply for leave

to amend their complaint pursuant to Rule 15(a) of the Federal Rules of Civil Procedure. This is precisely the procedure contemplated by the Second Circuit here: the question of whether the issues are legal or equitable is to be determined on the basis of the pleadings when they have been amended to correctly reflect the issues in the case. When that is done in this case, as the Second Circuit said, there will be no legal, but only an equitable, claim against CSSC, and hence no right in CSSC to jury trial. There is, in short, no issue raised by the Court of Appeals' decision in this matter which under any of the tests set forth in Rule 19 of this Court warrants issuance of a writ of certiorari.

I

The Second Circuit correctly held that West has only an equitable claim against petitioner CSSC.

The Court of Appeals agreed with Judge Ryan that West had asked for and been granted leave of court only to assert a claim for injunctive (*i.e.*, equitable) relief against CSSC. Indeed, this was the only relief West could have obtained against CSSC in the circumstances. The conclusion of the Second Circuit that West had only an equitable claim against CSSC and that CSSC therefore had no right to jury trial was thus compelled by the unique procedural history of this litigation and does not conflict in any way with the holding or the rationale of this Court's decisions in *Beacon Theatres* and *Dairy Queen, supra.*

When West moved in the District Court for leave to join LRS' new subsidiary CSSC as a defendant, it sought leave only to seek injunctive relief against the new defend-

ant.* Judge Croake's order granting the motion permitted only such a claim for equitable relief to be added to the complaint and Pretrial Order. Thus Judge Croake said:

> "It is clear that plaintiff seeks by this motion only to add a claim that *if* defendants have transferred to a controlled subsidiary, Computer Searching Services Corporation, any of the alleged infringing material which forms the subject of this suit, then the subsidiary should be joined as a party defendant, so that if plaintiff should win on the trial of the merits an order could be entered enjoining that subsidiary as well as the presently named defendants from such infringing activities." (Emphasis by the court.) (Appendix B, p. B2.)

* The affidavit of William D. Conwell, Esq., sworn to May 28, 1970, in support of West's motion stated at page 5 that:

"The amendment requested in the Pretrial Order and Complaint is as follows:

* * *

"(2) Adding to paragraph 3(b) of the Pretrial Order (The Contentions of the Parties) and to the Complaint the following:

"'Computer Searching Service Corporation'

'On or about November 1, 1969 defendant Law Research formed or acquired control of a corporation known as Computer Searching Service Corporation. Defendant Wiener is the president of CSSC. LRS transferred to CSSC some or all of its "data bank" including magnetic tapes from which the Thesauri are prepared and printouts of case citations are made and which constitute copyright infringement or which may or are used to produce material which constitutes copyright infringement. CSSC has announced its intention to offer a computerized legal research service similar to that offered by LRS. The CSSC magnetic tapes, Thesauri and printouts are copies of and infringe the same materials which LRS copied and infringed. Plaintiff requests an order enjoining defendants, its subsidiaries, assigns, successors or any other person or firm from using the infringing material prepared by defendants and from committing any of the acts complained of herein.'"

When West's motion to join CSSC was made, the time to amend pleadings as of right under Rule 15(a) of the Federal Rules of Civil Procedure had long since passed and indeed a Pretrial Order under Rule 16 governing the issues to be tried had already been entered. As Judge Ryan correctly held, the order and decision of Judge Croake therefore necessarily determine the scope and intendment of any supplement to the pleadings. All West asked for, then, and all West got, was the right to add to its complaint and to the Pretrial Order a claim for injunctive relief against LRS' new subsidiary CSSC.

There would have been no question as to the nature of the relief West was requesting from CSSC or of CSSC's right to a jury trial, if the Second Amended and Supplemental Complaint served by West after Judge Croake's order had not inadvertently included CSSC with the other defendants in a general prayer for relief instead of separately stating a prayer for relief only against CSSC. Thus, from the wherefore clause in West's complaint (Appendix C, p. C16) it erroneously appeared that West claimed both equitable and legal relief against CSSC. This is not the case. When the Pretrial Order and complaint are amended as called for by the Second Circuit's decision, the amendment will, of course, strictly conform to Judge Croake's order and will seek only injunctive relief against CSSC.

Moreover, it plainly appears from CSSC's answer and the affidavits of both LRS' President, Mr. Hoppenfeld, and of LRS attorney and CSSC stockholder Martin Fox that CSSC has not yet published any materials, commenced

operations or done any business.* As a practical matter, then, West cannot have any legal claim for damages against CSSC, but has only a claim for an injunction against threatened infringement by that company which is of course an equitable claim and does not entitle CSSC to a jury trial. See *Shubin* v. *U.S. District Court*, 313 F.2d 250, 251 (9th Cir.), *cert. denied*, 373 U.S. 936 (1963), where the Ninth Circuit Court of Appeals on remand from this Court with directions to reconsider in light of *Dairy Queen*** held to its original decision that the issues involved threatened infringement, were therefore equitable only, and did not give rise to a right to jury trial.

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* CSSC's Answer and Counterclaim to the Second Amended Complaint (Appendix D hereto) dated September 8, 1970 alleges in paragraph 48:

> "Defendants [referring to West] are well aware that the plaintiff CSSC has not published any material whatsoever and there is no present alleged infringed material, which could or possibly be the basis for an action against the plaintiff CSSC for copyright infringement." (Appendix D, p. D11)

The affidavit of Martin Fox, Esq., sworn to July 10, 1970 in opposition to West's motion for leave to join CSSC as a defendant states in paragraph 7:

> "CSSC has never published any material nor has it commenced any operations, and could not possibly therefore have infringed any of [West's] material."

Mr. Hoppenfeld's affidavit also sworn to July 10, 1970 in opposition to West's motion, states in paragraph 5:

> "It also may be interesting to note that CSSC has not published any works whatsoever at this point, which the plaintiff can even claim are infringing on any of its works."

** *Shubin*, originally reported at 299 F.2d 47 (9th Cir.), was remanded by the Supreme Court after *Dairy Queen*, 369 U.S. 600 (1962).

II

The decision below does not conflict with *Beacon* and *Dairy Queen*.

This Court has rigorously enforced the Seventh Amendment's command that the right to jury trial in "suits at common law" be preserved, and to prevent erosion of this right has held, where equitable and legal issues are joined in one action, that the legal issues must be tried to a jury before the issues which are equitable only may be determined. *Beacon Theatres, Inc.* v. *Westover,* 359 U.S. 500 (1959); *Dairy Queen, Inc.* v. *Wood,* 369 U.S. 469 (1962).

The denial of a jury trial to CSSC does not offend the rationale of these decisions, but indeed fully accords with them. These were cases where the pleadings, however "equitable" on their surface, in fact stated true legal claims and, on the principle that substance is more important than form, this Court upheld the right to jury trial in both instances. In the present case, the form appears legal—West did include CSSC with the other defendants in its general prayer for relief—but the substance of West's claim against CSSC is, and could be, equitable only: as the Circuit Court and the District Court found, West did not ask for leave to claim damages against CSSC, did not obtain such leave, and could not have asserted a money claim in any event because CSSC's infringement, at least at that time, was only threatened rather than actual.

The pleadings in *Dairy Queen* on their face stated equitable issues: an action for trademark infringement seeking an injunction and an accounting. Looking to the

substance of the pleadings and not to the form, however, this Court perceived that the action was actually for damages for breach of a trademark license agreement and thus was "legal":

> "As an action on a debt allegedly due under a contract, it would be difficult to conceive of an action of a more traditionally legal character * * *" 369 U.S. at 477.

In reaching its conclusion, this Court analyzed in detail the factual situation presented, remarking:

> "But the Constitutional right to a jury cannot be made to depend upon the choice of words used in the pleadings." 369 U.S. at 477-78.

Indeed, Rule 8(f) of the Federal Rules of Civil Procedure (Appendix A, p. A1) requires that pleadings be construed to do substantial justice.

The Second Circuit, following the rule of *Dairy Queen,* issued a writ of mandamus requiring Judge Ryan to grant a jury trial in *Robine* v. *Ryan,* 310 F.2d 797 (2d Cir. 1962). Again the emphasis was on substance over form:

> "it is equally clear from [*Dairy Queen*] that ambiguities and inelegancies in a pleading will not defeat a demand for a jury trial so long as it reasonably appears that the substance of what is pleaded constitutes a claim for relief at law." 310 F. 2d at 798.

To the same effect, see the Tenth Circuit's recent decision in *Bruce* v. *Bohanon,* 436 F.2d 733 (10th Cir. 1970), upholding the right to jury trial on an ostensible claim for an accounting which in substance, though not in form, posed both legal and equitable issues.

In *Dairy Queen* and *Robine* it happened that the pleadings on their face were equitable in form, although the real issues were legal. In the present case the situation is reversed. The claim presented against CSSC is solely equitable. Though the prayer for relief inadvertently included CSSC, that claim under the Second Circuit's decision and that of Judge Ryan is mere surplusage which does not add anything to the issues in the case. As the Ninth Circuit held in *Shubin* v. *United States District Court, supra*:

> "The defendants seek only a permanent injunction against *threatened* infringement. This is not a legal issue." (Emphasis by the court.) 313 F.2d at 251.

And so it is here: West sought only an injunction against threatened infringement by CSSC. The Second Circuit correctly interpreted this pleading in light of Judge Croake's order and the factual situation before it, concluding that West in fact had no legal claim against CSSC, notwithstanding the formal, inadvertent error in West's wherefore clause, which can be cured by a simple amendment conforming the complaint to the order of Judge Croake. This procedure, which gives effect to substance rather than form, does no violence to the Seventh Amendment.

Conclusion

West has pursued this tortuous and expensive litigation for over five years. It now appears, at last, that West's copyright infringement suit against LRS, its subsidiary CSSC, and Messrs. Hoppenfeld and Weiner will

soon be reached for trial. Respondent West submits that the present petition, another of the last-minute efforts of these defendants to avoid or delay this trial, does not raise any substantial question meriting consideration by this Court and should accordingly be denied.

Respectfully submitted,

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